

+

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF SMITH FAMILY ) APPEAL NO. 07-A-2726  
TRUST from the decision of the Board of Equalization of ) FINAL DECISION AND  
Valley County for the tax year 2007. ) ORDER

**COTTAGE SITE APPEAL**

NOTICE OF APPEAL was filed September 21, 2007, by Appellant, from a decision of the Valley County Board of Equalization (BOE) denying the protest of the valuation for taxing purposes of property described as Parcel No. XR001910000940A. As a matter of convenience, Appellant requested that this appeal be heard on the written record, without appearance at a hearing. This Board subsequently requested all information and evidence to be considered be submitted by both parties. The Board now issues its decision based upon the documentary record.

**The issue on appeal is the market value of a cottage site leased from the State.**

**The decision of the Valley Board of Equalization is affirmed.**

FINDINGS OF FACT

The total assessed land value is \$121,220. Appellant requests the land value be reduced to \$68,200.

The subject property is 0.385 acres located in the Payette Lake Cottage Sites Subdivision in McCall, Idaho. The lot is owned by the State of Idaho and leased to Appellants. The lot is described as average in grade with a local view and level to moderate topography.

Appellant asserted the assessed market value placed on subject was excessive, having increased from \$68,200 in 2006 to \$121,220 for the current 2007 tax year. Appellant explained property values were flat and decreasing and the decline was due in large part to the "assessment and rent dilemma." Taxpayer contested the high valuation of subject resulted in

a doubling of the lease payment. The lease on subject had already increased approximately \$1,000 per year over the past decade, and, with a base lease of \$700 at the onset, amounted to an approximate 150% increase.

The Taxpayer asserted the market value of subject could not be determined from the values of properties that sold months or even years prior. In the past two to three years only two state leased properties have sold. Appellant contested these properties would likely set an upper limit on the assessment of comparable properties. The assessed values of these two properties following their sales were \$150,000 and \$155,000. Taxpayer asserted these few transactions, over such an extended period of time, would not provide an adequate base from which to determine the assessed value of hundreds of other properties. Appellant stated there was no market value to substantiate any increase in value from the last assessment.

Appellant pointed out that the statement, “an increase in value doesn’t necessarily mean your taxes will increase,” found in the document entitled “Appealing Your Assessment”, was not relevant to state leased property because high governmental costs are directly correlated with the assessed value of state leased land. Taxpayer asserted that, due to this fact, the approach taken with state leased land assessments should be different than that employed when assessing other types of properties. State leased land is worth less than fee simple land because of the lack of control and uncertainty of cost and ownership that come with state leased land.

Taxpayer received an amended notice which lowered the assessed value of subject. Appellant questioned what the new valuation was based on, whether it was a new and improved methodology or if across the board mathematical adjustments were made to the original assessment.

The Assessor presented four sale properties to support the assessed value of subject. These properties ranged in size from 0.115 to 0.931 acres and in price from \$117,000 to \$275,000. The comparison of assessed values to the sale prices indicated an assessment level or ratio of 66%.

The County asserted Idaho Code requires the County Assessor to establish the value of state leased cottage sites for use by the Payette Lake Water and Sewer District to collect fees from users of their services . The County received no dollars from these values. The State has chosen to use the County's assessed values to determine the rents and for the Payette Lake Water and Sewer District fees. The Assessor explained in December 2007, the State Land Board froze Payette Lake Cabin site rents for one year in order to research feasible solutions to the increase in rents.

In reference to Taxpayers concern regarding the modified 2007 assessment value the County stated the assessed value was lowered after it was determined time adjustments were not applicable.

#### CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following conclusions.

The issue in this appeal is the value of a leased state land cottage site.

The Assessor is charged by the Legislature to determine the value of the state leased land. Idaho Code describes the criteria and reason for valuing the sites.

39-3635. COTTAGE SITE LEASES -- REQUIREMENTS -- CONSTRUCTION OF SEWAGE DISPOSAL FACILITIES -- CONNECTION TO WATER AND SEWER DISTRICT SYSTEMS -- PAYMENT OF CHARGES -- NOTIFICATION OF DEFAULTS -- SATISFACTION OF REQUIREMENTS. (1) After the effective date of sections 39-3634 through 39-3639, Idaho Code, all cottage site leases authorized by the state of Idaho shall require that each lessee must construct, at his cost and expense, sewage disposal facilities, certified by the director of the department of environmental quality as adequate, as follows: ...

(3) Notwithstanding that title to a cottage site remains in the state of Idaho, each cottage site lessee shall pay to any district operating a sewer system to which the cottage site is connected as provided in subsection (2) of this section, each year in the same manner and at the same time as county taxes are paid and collected a sum of money in lieu of taxes equal to the sum which would have been paid had the cottage site been held in private ownership, hereinafter called special benefits payments. The special benefits payments shall be computed by applying the millage levy of the district to the cottage site in the ordinary course to the assessed valuation of the property as determined by the county assessor of the county in which the cottage site is located. No special benefits payments shall be imposed prior to January 1, 1980. The cottage site lessee shall have such rights of protest, hearings and appeals with respect to the valuation of the cottage site for purposes of determining the special benefits payments as if such cottage site were held in private ownership. It shall be the duty of the county assessor to establish the value of each cottage site as compared to like property upon the request, in writing, of the district... (Emphasis added.)

The Assessor presented four sales to support the assessed value of subject.

Appellant maintains the assessed values should not be based on fee simple ownership sales.

The statute however, requires just that.

In this case, the Board finds the assessed value of subject is supported and no reduction in value is warranted.

Therefore, the decision of the Valley County Board of Equalization is affirmed.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Valley County Board of Equalization concerning the subject parcel be, and the same

hereby is, affirmed.

MAILED April 3, 2008